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UNCLAS SECTION 01 OF 04 MONROVIA 000255

SIPDIS

STATE PASS TO USTR FOR LISER AND HAMILTON
STATE PASS TO OPIC FOR BALLINGER AND SIMON
USDA FOR PAULINE SIMMONS
DOL FOR PATRICK WHITE AND TIMOTHY WEDDING
DEPT FOR AF/EPS FOR ANN BREITER
DEPT FOR AF/W FOR PETE DAVIS
ACCRA FOR WEST AFRICA TRADE HUB
DAKAR FOR APHIS AND WEST AFRICA TRADE HUB
LAGOS FOR USDA

SIPDIS

E.O. 12958: N/A

TAGS: [ETRD](#) [EAID](#) [EINV](#) [ELAB](#) [EAGR](#) [EFIN](#) [ECON](#) [LI](#)

SUBJECT: LIBERIA: AGOA Workshop Roaring Success, but a lot to do

REF A) Monrovia 193 (President's report on AGOA)
B) Monrovia 154 (SPS and AGOA)
C) Monrovia 52 (AGOA/TIFA update)
D) 07 Monrovia 1348 (MCC)
E) 07 Monrovia 1260 (LEDFC)
F) 07 Monrovia 1201 (AGOA eligibility)

11. Summary: The first-ever Africa Growth and Opportunity (AGOA) workshop held in Monrovia March 20-21 attracted strong participation by members of the business community, GOL officials, members of civil society organizations, and the press. The presentations by the inter-agency USG delegation, led by Assistant U.S. Trade Representative for Africa Florizelle Liser, were a reality check for Liberian officials and potential exporters, but the practical advice and compelling evidence of the range of ongoing USG assistance provided encouragement. As AUSTR Liser emphasized, there are challenges, but Africa is on the brink of a breakthrough, there is a market for African products, and we want to help. State's Ann Breiter reiterated that small changes in the business climate equal big improvements. A list of the USG delegation is at paragraph 3.

12. The workshop fulfilled Action Item 5 on the U.S.-Liberia TIFA Council Meeting checklist. Post looks forward to following up on items raised during the workshop, especially opening the AGOA Resource Center (ARC), concluding the AGOA apparel visa application, and initiating work by the Commercial Law Development Program (CLDP). An update of the status of the TIFA Action Items is at paragraph 23. End summary.

13. U.S. Delegation list

Florizelle Liser, USTR, Head of Delegation
Constance Hamilton, USTR
Ann Breiter, State
Peter Ballinger, OPIC
Tim Wedding, Labor
Pauline Simmons, USDA
Jeffrey Cochrane, WATH Accra
Tom Herlehy, WATH Accra
Abou Fall, WATH Accra (Home decor)
Gustav Adu, WATH Accra (Rubber wood)
Christine Nicolino, WATH Dakar (Seafood)

Enthusiastic Welcome by Potential Exporters

¶4. Liberians are eager to benefit from AGOA and the March 20-21 workshop received an enthusiastic welcome. Despite confronting Good Friday, a cabinet retreat that claimed the attention and presence of the Minister of Commerce, hospitalization of the Deputy Minister of Commerce, and a March 18 Presidential proclamation making March 21 a national holiday for the Census, the workshop opened to a solid crowd of over 40 participants. The numbers increased gradually, topping 60 people plus press by the Friday afternoon close. Minister of Commerce Frances Johnson Morris attended the Friday session, and was unexpectedly joined by the Minister of Foreign Affairs (and former Minister of Commerce) Olubanke King-Akerele and by Richard Tolbert, Chairman of the National Investment Commission (NIC), both of whom made lengthy remarks and participated throughout the day's program.

¶5. The GOL invited potential exporters to display their goods in an adjoining room, which helped delegation members focus their comments. The workshop attracted a cross-section of the business community (about equally divided between men and women) as well as GOL officials, NGO representatives, and print and radio journalists. (Legislators were on Easter break.)

¶6. Although the focus of the event was presentations by the USG visitors, the program also included updates from the National Investment Commission and the Ministry of Commerce on initiatives to improve the business climate, and presentations by two members of the Liberian business community (a miller who imports U.S. grain and a farmer who would like to export) on obstacles to trade. A representative from the International Trade Center in Geneva spoke on developing an export promotion and development framework for Liberia. AUSTRLiser asked the NIC representative about the status of the revised Investment Code and was told stakeholder consultations have been very positive, and the GOL expects to

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resubmit the Bill to the legislature shortly, and it should be passed by July. (Comment: We have heard the GOL has been successful in winning over some opponents to the legislation, but stiff resistance remains. End comment.)

¶7. During her opening presentation on AGOA and key opportunities for Liberia, AUSTRLiser summarized current U.S.-Liberia trade and next steps, focusing on the need for a GOL strategic planning committee; consideration of how to add value; and the importance of establishing commercial links. She said there are challenges, but Africa is on the brink of a breakthrough, there is a market for African products, and the United States wants to help.

¶8. Dr. Tom Herlehy from the West Africa Trade Hub (WATH) in Accra described WATH activities and announced plans to open an AGOA Resource Center in Monrovia by June, to great applause. Later in the event controversy erupted as participants received the impression WATH had already selected the Liberian Chamber of Commerce as the ARC host, without consulting with other business organizations. (Note: Post is working with the Ministry of Commerce and the Chamber of Commerce to move forward with signing of the MOU as soon as the GOL confirms that the Chamber remains the most appropriate host. End note.)

IPR Protection has resonance

¶9. State's Ann Breiter spoke on promoting a business-friendly environment, leading the group through the elements of a healthy business climate such as infrastructure, intellectual property rights, the tax regime, and transparency and corruption. She described how trade helps improve all those factors, and concluded by assuring that "small changes equal big improvements."

¶10. The Assistant Minister of Commerce for Industry, Moses Roberts, then addressed the group, highlighting GOL failure to implement IPR laws, which has resulted in loss of tax revenue, loss of income to creators, and piracy. AUSTRLiser described the Commercial Law Development Program's expertise in IPR issues. (Note: CLDP had already communicated with Embassy Monrovia about a program here, and

we look forward to working with them. End note.)

Child Labor/Protection a timely topic

¶11. Tim Wedding of the Department of Labor provided an overview on AGOA and labor issues. A Chamber of Commerce representative asked for clarification on whether labor standards, such as minimum wage, are absolute. Wedding explained that some, such as prohibition on slave labor, are absolute but others, such as minimum wage, are established by each country. AUSTRLISER described techniques other countries had used to balance fair wages with job creation.

¶12. The DOL presentation sparked lively debate about child labor and child protection more broadly, a timely issue in Liberia. The audience, while predominately business people, included child protection NGOs and a representative of the Ministry of Labor. The MOL praised the strong USG support for Liberia's anti-trafficking measures. As the event concluded on the second day, AUSTRLISER reminded the audience that although we understand and support initiatives to provide vocational training and employment for young people affected by the war, especially ex-combatants, business owners should bear in mind the prohibitions on child labor, especially in fields that involve dangerous machinery, such as wood working.

(Note: DOL's Patrick White had a separate schedule during the visit, meeting with GOL Labor Ministry Officials and with IRC, DOL's partner in Liberia. End note.)

Ag Exports: Important, but Challenging

¶14. USDA's Pauline Simmons showed a training video and spoke on initiatives and regulations for exporting agricultural products to the United States under AGOA. The USDA video presentation on exporting agricultural products to the United States left the audience in stunned silence. After a pause, the Assistant Minister of Commerce rose to say he understood why "we are all depressed" but the purpose of the workshop, and video, was to accurately inform them of the difficulty of becoming export-ready. Subsequent

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speakers from the audience stood to say they are not daunted, but welcome the concrete information on U.S. requirements. One noted his observations from a recent trip to the United States that there is already a market for Liberian food products in the United States, and they just need to work with the WATH to meet standards. (Comment: Ref B describes USDA work with the GOL on establishing SPS regimes; the workshop provided an opportunity to reach a broader audience. End comment.)

Financing: The Heart of the Problem

¶15. OPIC's Peter Ballinger provided an overview of USG financing options, including programs by the Overseas Private Investment Corporation, African Development Foundation, and the U.S. Trade and Development Agency. He noted that Liberians, by including an American friend or relative in their business, could qualify for OPIC assistance directly. Augustus Erskine, General Manager of the OPIC-funded Liberia Enterprises Development Finance Company (LEDFC), which provides medium-term loans in the US\$20,000-1,000,000 range (Ref E), joined Ballinger and described LEDFC's support for Liberian businesses. The audience expressed concerns about the steep collateral requirements imposed by the Central Bank (CBL). Erskine noted LEDFC, Liberia's only non-bank financial institution, is trying to get CBL approval for less rigorous collateral rules than those governing deposit-taking institutions.

¶16. One questioner asked how Liberia be removed from the war-risk category, a status that sharply increased shipping costs. Ballinger explained that war risk is a designation imposed by commercial insurance firms, and that OPIC does not categorize countries by risk.

¶17. On the margins of the workshop, the Minister of Foreign Affairs asked Ballinger for suggestions on industries that would contribute to knitting together the Mano River Union countries and exploiting their comparative advantage.

The Nuts and Bolts: What should Liberia Export?

¶18. The second day of the Workshop focused on sectors where Liberian exports might have a competitive advantage, led by WATH experts on products. Abou Fall of the Accra Trade Hub spoke on handicrafts/home dcor; Christine Nicolino of the Dakar Hub described the seafood market and Gustav Adu, also of Accra, updated the audience on the pitfalls and potential of rubber wood processing. On the previous day, Fall had provided an overview of WATH services and trade information sources, and stressed that becoming "export ready" requires individual effort by the exporter.

The Liberian Perspective

¶19. Liberian businesses identified infrastructure and financing as the major obstacles to exports and economic growth. One questioner asked about U.S. support for technology transfer. AUSTR Liser explained technology transfer is often via partnership with foreign firms, so a welcoming investment climate will help. She also recommended participation in trade shows if a firm is export-ready. A representative from Women in Progress for Community Services confirmed the importance of knowing the market, stating that many young Liberians had recently been trained to produce furniture and other goods, but are now facing "the trauma and stress of no buyers."

¶20. Confirming the obstacles caused by inadequate roads and other infrastructure, Ms. Josephine Francis, a successful farmer and businesswoman, called for increased agriculture near Monrovia, reflecting the shift of population away from Liberia's traditional agricultural areas. She said her Farmers' Union Network is focused on how to process food, and she requested support for the Ministry of Agriculture. She also noted the need for reforms to clarify land ownership. In response to questioners, WATH's Fall clarified that it is up to each government to establish its own AGOA strategy.

¶21. Over the course of the workshop, members of the audience posed questions on specific sectors, such as cut flowers or jewelry. AUSTR Liser advised working with the African Development Foundation, resident in Monrovia, to establish buyer linkages.

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Update on TIFA Action Items

¶22. This section refers to items on the U.S.-Liberia TIFA Council Meeting Action Items for Follow-up from November, 2007 and follows up on the summary in Ref C. The March 20-21 AGOA Workshop completed Action Item 5, and contributed to furthering Action Items 2, 3, 4, 10, 11, and 15.

-- 1. Revising the TIFA work plan: Completed.

-- 2. USDA/WATH on SPS requirements and market competitiveness of Liberian agricultural products: Ref B reported on USDA/APHIS work with the GOL on SPS requirements.

-- 3. USDA to identify buyers of spices, rubber wood and wood products for March 8 trade mission to Africa: Completed.

-- 4. USTR to provide GOL with model documents for apparel visa and assist with completing application: In progress. USTR and WATH reiterated USG commitment to assisting GOL on apparel visa process.

-- 5. USTR/GOL to conduct interagency AGOA workshop: Completed.

-- 6. WATH to assess Liberia's seafood sector: Completed.

- 7. USTR to provide GOLD with information on duty free treatment for biofuels: Status not known.
- 8. USDA/Cargill on cocoa: Status not known.
- 9. USAID/Ministry of Finance on harmonizing customs data with ECOWAS: In progress.
- 10. WATH/GOL coordinate on establishing an AGOA Resource Center in Monrovia: WATH announced the ARC will open by the end of June.
- 11. Commercial Law Development Program to provide GOL assistance on IPR and judicial training: CLDP has been in contact with Embassy Monrovia; the AGOA workshop confirmed the need for such assistance and AUSTR Liser described how CLDP could assist Liberia.
- 12. DOT/Air travel: Status not known.
- 13. Port feasibility study: OBE; World Bank is funding the study.
- 14. Work to include GOL legislators in meeting agendas: Ongoing. The legislature was on break during this workshop.
- 15. OPIC/GOL work to ensure Liberians understand mechanics of developing successful proposals: Ongoing. The OPIC presentation during the workshop was very well-received.
- 16. Duplicate of no. 9.
- 17. DOE will arrange with GOL Ministry of Land, Mines and Energy to review a copy of the 2007 National Energy Strategy Report: Status not known.

COMMENT

123. The AGOA workshop succeeded in the face of a wide range of obstacles and demonstrated the thirst for reliable, actionable information on business in general and exporting in particular. In addition to the business community and Ministry of Commerce officials, there were representatives from NGOs and civil society and a range of GOL officials, including from the Ministries of Labor and Finance. The breadth of participation made this an especially effective forum for discussion of topics such as labor issues, intellectual property protection and sanitary/phytosanitary requirements. The workshop established that Liberian firms have a long, hard road to becoming export-ready, but provided an excellent foundation for progress. End Comment

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